OPEB Commission

November 13, 2012



Agenda

1. Approval of minutes of October 23, 2012 meeting 2:00pm

2. Review of principles, process, and potential strategies

2:10pm

3. Introduction to the final report

2:25pm

4. Results of Phase 1 actuarial analysis

2:45pm

5. Proposed Phase 2 actuarial analysis

3:15pm

6. GIC report on costs of EGWP implementation

3:45pm

7. Adjournment

4:00pm

Proposed Principles and Considerations

Commitment to Intergenerational Equity

- Avoid shifting costs onto future generations
- Honor health care promise to retired career employees

Competitive Compensation Packages to Attract and Retain Employees

Including quality, affordable health care for retirees

Urgent Need for Sustainable Government

Prudent Allocation of Taxpayer Dollars Among Critical Services

- Transportation, education, benefits, etc.
- Maintenance of credit ratings

Alignment with Recent Changes to State and Federal Health Care Programs

With a focus on access and cost control

Process and Calendar

October 23 Commission Meeting (10am)

- Review preliminary actuarial findings regarding scale of impact at State level (municipal work will take longer)
- Review early indicators regarding size of impact and affected population

November 13 Commission Meeting (2pm)

- Review Phase 1 Results for both State and Municipal studies
- •Comment on early draft of report introduction

November 27 Commission Meeting (10am)

- •Review Phase 2 Results
- •Comment on report draft

December 17 Commission Meeting (1pm)

• Commission meets to vote to adopt its report.

December 20 Reporting Date

Draft Report Circulated/ Submit Requests for Phase 2 Analysis

Draft Report Circulated Proposed Final Report Circulated

Review of Potential Strategies

- Benefit Design
 - Minimum age and/or minimum years of service (YOS)
 - Pro-rating
 - Continuing service requirements
- Cost Containment
 - Tie subsidy to risk-adjusted premiums for low- or medium-cost health plan
 - Establish metrics with automatic alarm or mechanism if cost growth metric is unsustainable
- Employee Funding
 - Active contributions
- Best Practices
 - Part-time worker requirements
 - Employee group waiver plan (EGWP)
 - Survivor benefits
 - Procurement

Proposed Phase 2 Scenarios

	1	2	3	4
Minimum Age	No change	60 or 55 with 30 YOS	60	62
Minimum Years of Service (YOS)	15	15	20	25
Pro-Rating	50% of premium at 15 YOS to 90% of premium at 30 YOS	50% of premium at 15 YOS to 90% of premium at 30 YOS	50% of premium at 20 YOS to maximum available benefit at 30 YOS	50% of premium at 25 YOS to maximum available benefit at 35 YOS
Impacted Populations	-New employees -Current employees not vested by January 2017	Option A: -New employees -All current employees except those >55 AND vested Option B: -All new and current employees -For vested employees >55, pro-rate benefits until age 65 and provide maximum available benefit age 65+	Option A: -New employees -Current employees Option B: -All new and current employees -For vested employees >55, pro-rate benefits until age 65 and provide maximum available benefit age 65+	-New employees -Current employees

Potential Strategies Not Included in Actuarial Analysis

- Benefit Design
 - Continuing service requirements
- Cost Containment
 - Tie subsidy to risk-adjusted premiums for low- or medium-cost health plan
 - Establish metrics with automatic alarm or mechanism if cost growth metric is unsustainable
- Employee Funding
 - Active contributions
- Best Practices
 - Part-time worker requirements
 - Employee group waiver plan (EGWP)
 - Survivor benefits
 - Procurement